

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17666
December 5, 2019**

R E S O L U T I O N

Resolution T-17666. Modification of the due date and time limit for claims for reimbursement from the California Teleconnect Fund.

SUMMARY

This Resolution modifies the due date and time limit for telecommunications carriers to file claims for reimbursement from the California Teleconnect Fund. The due date and time limit for carriers to submit claims for reimbursement shall be 60 days from the end of the month for claims submitted for January-2020 and thereafter. This modification aligns California Teleconnect Fund rules with that of other public purpose programs, reduces the administrative burden on staff, and allows the program to better track and project expenditures for oversight and budgeting purposes.

BACKGROUND

The California Public Utilities Commission (CPUC or Commission) implemented the California Teleconnect Fund (CTF) in 1996 pursuant to Public Utilities Code § 280(a). Decision (D.) 96-10-066 created the CTF Public Purpose Program (CTF Program) to promote innovation in the delivery and use of advanced communication services, encourage the diversity of choices among services and providers, and ensure for affordable and widespread access to California's broadband networks and technology.¹

¹ D. 96-10-066 at 59.

The CTF Program provides discounts on advanced communications services to qualifying participants, including: schools, libraries, hospitals, health clinics, community colleges, 2-1-1 referral providers, and community-based organizations. Approved CTF participants are eligible to receive a 50 percent discount on the monthly recurring charges of eligible advanced communications services. Telecommunications carriers offering services with the CTF discount are directed to apply the discount to the recurring charges on a participants monthly bill. After applying the discount, carriers are required to file claims for reimbursement of the discount with the Communications Division. Currently, 83 carriers file claims for reimbursement for discounts provided to over 15,000 CTF participants.

The Communications Division administers the program, which includes approving applications, processing claims for reimbursement from carriers, preparing annual budgets, proposing changes to rules and procedures, and other day-to-day administrative tasks.

In D.96-10-066, the Commission set initial parameters for the reimbursement process:

“In order for the carriers to claim reimbursement from the California Teleconnect Fund, the carriers will be required to file a monthly report with the Telecommunications Division in a format to be prescribed. Among the items the report shall contain are the number of qualifying institutions or organizations in each of the discount programs, and the amount the carrier is seeking reimbursement for.”²

Resolution T-16319, adopted September 2, 1999, set reporting requirements for the monthly claim filings, including a “due date” of 45 days after the month has ended.³ Resolution T-16319 explains that if a carrier fails to file a claim by the due date, the carrier forfeits any applicable interest on the discounts given during the associated month.⁴

² D. 96-10-066 at 58.

³ Resolution T-16319 at page 6 and Ordering Paragraph 3.

⁴ Resolution T-16319 at Ordering Paragraph 3.

Resolution T-16542, adopted July 12, 2001, subsequently set the maximum “time limit” for carriers to submit claims at two years after the due date. The Commission adopted this revised time limit to achieve consistency between the CTF Program and the California Universal Lifeline Program, which at the time allowed carriers a time limit of two years to file claims.⁵

Resolution T-16763, adopted May 27, 2004, again modified the time limit for carriers to submit claims from two years to one year after the due date. The Commission adopted this change to make more current claims data available to staff to increase the accuracy of its budgeting estimations and analysis.

Most recently, the Commission adopted D.19-04-013 to evaluate and improve the CTF Program. Although D.19-04-013 did not make changes to the claims process, it did highlight the claims process as an issue and directed staff to improve the process. The Commission identified as essential components of CTF Program administration the continued updating of information from carriers about CTF participants, changes in technology, product offerings, pricing, and other information.⁶ D.19-04-013 also directs staff to develop a platform to track technology usage and cost-effectiveness for CTF participants.⁷

DISCUSSION

Carriers’ claims for reimbursement include key information essential to the administration of the CTF Program. Claims for reimbursement include data on the CTF discounts awarded each month, including the total discount for each participant and the total discount per service.⁸ Staff relies on this data to administer the program. For example, staff relies on claims to reimburse carriers for discounts given to participants.

⁵ Public Utility Code § 871. *See also*, CPUC General Order 153.

⁶ D.19-04-013 at 33.

⁷ D.19-04-013 at 21 and Ordering Paragraph 4.

⁸ Refer to the CTF Administrative Letter no.17, issued December 5, 2008, available at: <https://www.cpuc.ca.gov/General.aspx?id=3744>.

Staff also uses data from claims to develop expense forecasts and manage the CTF Program's budget and surcharge level. Staff also relies on data from claims to conduct general program oversight and assessments, including the production of quarterly reports for the CTF Administrative Committee. Staff's ability to perform these duties relies on timely access to claims data, but current rules do not adequately facilitate timely access.

In D.19-04-013, the Commission underscored the value of making regularly updated CTF information available to the public. More specifically, the Commission directed staff to identify and implement modifications to the current claims process to enable tracking of technology usage and cost-effectiveness.⁹ Staff subsequently recognized that the time allotted to carriers to submit claims for reimbursement hinders its ability to fulfill these directives.

The time limit allotted to carriers for filing claims for reimbursement, a total of one year and 45 days from the end of the claim month, impedes optimal and efficient administration of the CTF Program. An analysis of claims submitted from January 2015 through April 2019 reveals that, on average, about half were submitted within 60 days. The delayed submissions of claims for reimbursement restricts staff's access to data, as 50 percent of the information necessary to inform the program is not available on a timely basis.

However, the fact that carriers already submit 50% of claims within 60 days from the end of the claim month supports the feasibility of a 60-day time limit for all claims. Carriers will also retain the ability to include adjustments to prior periods to accurately reflect changes in the support a participant receives from federal programs, including when a school receives support from the federal E-Rate program.¹⁰

Modifying the time limit will also align CTF Program rules with the California Universal Lifeline Program, which requires service providers to file claims on a

⁹ D.19-04-013 at 21 and Ordering Paragraphs 4 and 9.

¹⁰ The CTF discount applies only to the eligible charges that remain after the application of support from federal programs, including the E-Rate program. Refer to Public Utilities Code § 884.5 and CTF Administrative Letters no.10(b) and 24.

monthly basis and no later than 60 days after the conclusion of the month during which service was provided.¹¹ Aligning the time limit for submitting claims for reimbursement from the CTF Program with the California Universal Lifeline Program will provide further consistency between the Public Purpose Programs.

In addition to modifying the time limit to submit claims for reimbursement to the CTF Program, staff also recommends modifying the due date for claims.¹² Currently, the due date for claims is 45 days after the claim month. Carriers must submit a claim by the due date in order to recover interest associated with the claim. If a carrier submits a claim prior to the due date, staff has 60 days to process the claim before interest begins to accrue.¹³

To further simplify the CTF Program's rules, the due date should equal the revised time limit of 60 days after the month. Changing the due date from 45 days to 60 days after the month will simplify the rules without materially impacting the program's interest payments. Staff regularly pays claims in a timely manner, so interest payments are rare. Staff did not pay any interest (associated with a carrier's claim for reimbursement) during the past two fiscal years.

To provide carriers time to make changes necessary to meet the revised time limit and due date, staff recommends an effective date of January 1, 2020. Carriers must submit claims for January-2020 and thereafter within 60 days from the end of the month.

To accommodate the changes adopted herein, the Communication Division will update the CTF claim forms, processes and Guide for Carriers Submitting CTF Reimbursement Claims. This Resolution further authorizes staff to update the CTF claim forms and processes, as necessary, to implement the Commission's directives going forward.

¹¹ CPUC General Order 153, Section 9.5.2.

¹² A carrier must submit a claim prior to the "due date" to recover interest, if any, related to the delayed payment of the claim. Carriers may submit claims after the due date, but the CTF Program will not pay interest on claims received after the due date. Carriers cannot submit claims after the "time limit."

¹³ Resolution T-16763 at Ordering Paragraph 13.

COMMENTS

In compliance with PU Code section 311(g), the Commission emailed a notice letter on November 1, 2019 to all telecommunications carriers, the CTF Administrative Committee, and parties of record in Rulemaking 13-01-010, list of the availability of this Resolution for public comments at the Commission's website (www.cpuc.ca.gov). The notice letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available at this same website.

FINDINGS AND CONCLUSION

1. Carriers' claims for reimbursement include key information essential to the administration of the California Teleconnect Fund (CTF).
2. Claims for reimbursement include data on the CTF discounts awarded each month, including the total discount for each participant and the total discount per service.
3. In Decision 19-04-013, the Commission reiterated the important role that claims for reimbursement play in the administration of the CTF.
4. Currently, the time limit for carriers to submit CTF claims is one year and 45 days from the end of the month for which the claim is submitted.
5. The time currently allotted for carriers to file claims for reimbursement does not facilitate timely access to essential information.
6. Shortening the time limit for filing claims from one year and 45 days to 60 days from the end of the month for which the claim is made is reasonable.
7. Requiring carriers to submit claims within 60 days will provide consistency between the CTF Program and the California Universal Lifeline Program.
8. Currently, the due date for carriers to submit claims for reimbursement to the CTF Program is 45 days after the month.
9. Carriers must submit a claim for reimbursement by the due date in order to recover interest associated with the claim.
10. Staff did not pay any interest associated with a carrier's CTF claim for reimbursement during the past two fiscal years.

11. Aligning the due date and time limit will simplify the program's processes and rules without materially impacting the program's interest expenses.
12. Revisions to the time limit and due date should have an effective date of January 1, 2020.
13. Carriers must submit claims for January-2020 and thereafter within 60 days from the end of the month.
14. Staff should update the CTF claim forms and processes to facilitate the changes authorized herein.
15. Staff should also update CTF claim forms and processes on an ongoing basis, as necessary, to implement the Commission's directives.

THEREFORE, IT IS ORDERED that:

1. The due date and time limit for carriers' claims for reimbursement to the California Teleconnect Fund shall be 60 days from the end of the month for claims submitted for January-2020 and thereafter.
2. Staff is authorized to modify the administrative processes and documents for carriers to submit claims for reimbursement from the California Teleconnect Fund.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on_____. The following Commissioners approved it:

Alice Stebbins
Executive Director